

## QUARTERLY STATEMENT

**AS OF June 30, 2009** 

OF THE CONDITION AND AFFAIRS OF THE

## **HEALTH RIGHT, INC.**

NAIC Group Code	0000 ,	0000	NAIC Company Code	95787	Employer's ID Number	52-2011721
	(Current Period)	(Prior Period)				
Organized under the Laws of	of Dist	rict of Columbia	, State of Domi	cile or Port of Entry	District of	of Columbia
Country of Domicile	United	States of America				
Licensed as business type:	Life, Accident & Health[ Dental Service Corporat Other[ ]	ion[] Vision S	/Casualty[ ] ervice Corporation[ ] Federally Qualified? Yes[ ] N	Health Ma	Medical & Dental Service or Inc aintenance Organization[X]	lemnity[ ]
Incorporated/Organized		11/01/1996	Comme	enced Business	05/01/199	8
Statutory Home Office	1101	14th Street, N.W. Suite 90	0		Washington, DC 20005	
Main Administrative Office		(Street and Number)		4th Street	(City, or Town, State and Zip Cod	e)
	Washingt	on, DC 20005	(Street ar	nd Number)	(202)218-0373	
	(City or Town, Sta				(Area Code) (Telephone Num	nber)
Mail Address		14th Street, N.W. Suite 90	0,		Washington, DC 20005	· 
Primary Location of Books a		reet and Number or P.O. Box)	1101 1 <i>11</i> th	Street, N.W. Suite 9	(City, or Town, State and Zip Cod	e)
Timary Location of Books &				treet and Number)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
	Washington,				(202)218-0373	
Internet Web Site Address	(City, or Town, Sta				(Area Code) (Telephone Nun	nber)
internet Web Site Address		www.healthright-dc.com				
Statutory Statement Contact	:t	Donna Marie Carris			(202)218-0373-120	
	donna.carris@he	(Name)			(Area Code)(Telephone Number)(8 (202)218-0381	extension)
	(E-Mail A				(Fax Number)	
	Marlene Richard	_	OTHERS TORS OR TRUSTI	<b>EES</b> Charles Kennet	h Barber	
County of	of Columbia ss					
the herein described assets with related exhibits, schedu said reporting entity as of the Statement Instructions and A reporting not related to accordescribed officers also include	were the absolute property les and explanations therein e reporting period stated about accounting Practices and Property unting practices and proced des the related correspondir	of the said reporting entity, for contained, annexed or reference, and of its income and docedures manual except to ures, according to the best of gelectronic filing with the N	ree and clear from any liens of the to, is a full and true state eductions therefrom for the pethe extent that: (1) state law not their information, knowledge	r claims thereon, exc ment of all the assets griod ended, and have may differ; or, (2) that a and belief, respective a exact copy (except f	tity, and that on the reporting p ept as herein stated, and that to and liabilities and of the condi- be been completed in accordance state rules or regulations requi- rely. Furthermore, the scope of for formatting differences due to	his statement, together tion and affairs of the e with the NAIC Annual re differences in f this attestation by the
Vincen	(Signature) t Augustine Keane		(Signature) Donna Marie Carris		(Signature) 0	
	Printed Name)		(Printed Name)		(Printed Name)	
	1. Chairman		2. Chief Executive Officer		3. 0	
	(Title)		(Title)		(Title)	
Subscribed and sworn day of	n to before me this , 2009	a. Is this b. If no,	an original filing?  1. State the amendment r 2. Date filed 3. Number of pages attac		Yes[X] No[]	_ _ _

(Notary Public Signature)

## **ASSETS**

		Cı	Current Statement Date		
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
1.	Bonds	7.000.0	7.000.0	(00:0:)	7.44
2.	Stocks:				
	2.1 Preferred stocks				
	2.2 Common stocks				
3.	Mortgage loans on real estate:				
J.	0 0				
	3.2 Other than first liens				
4.	Real estate:				
	4.1 Properties occupied by the company (less \$0				
	encumbrances)				
	4.2 Properties held for the production of income (less \$0				
	encumbrances)				
	4.3 Properties held for sale (less \$0 encumbrances)				
5.	Cash (\$0) and short-term				
	investments (\$28,440,155)	28,472,074		28,472,074	28,926,117
6.	Contract loans (including \$0 premium notes)				
7.	Other invested assets				
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)				
11.	Title plants less \$0 charged off (for Title insurers only)	I			
12.	Investment income due and accrued	I			
13.	Premiums and considerations:				
	13.1 Uncollected premiums and agents' balances in the course of				
	collection				
	but deferred and not yet due (including \$0 earned but unbilled premiums)				
	13.3 Accrued retrospective premiums				
14.	Reinsurance:				
14.					404.070
					· ·
	14.2 Funds held by or deposited with reinsured companies				
4-	14.3 Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans				
16.1	Current federal and foreign income tax recoverable and interest thereon				
16.2	Net deferred tax asset				
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software				6,318
19.	Furniture and equipment, including health care delivery assets				
	(\$15,972)	89,302	15,972	73,330	97,251
20.	Net adjustments in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates	1,622,400		1,622,400	1,622,400
22.	Health care (\$3,232,680) and other amounts receivable				
23.	Aggregate write-ins for other than invested assets				
24.	Total assets excluding Separate Accounts, Segregated Accounts and				
<b>L</b> T.	Protected Cell Accounts (Lines 10 to 23)	35 /11 310	15 072	35 305 3/17	37 169 556
0.5	· · · · · · · · · · · · · · · · · · ·	35,411,319	15,972	35,395,347	37,100,550
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	35,411,319	15,972	35,395,347	37,168,556
	LS OF WRITE-INS				
0901. 0902.	0				
0903.					
	Summary of remaining write-ins for Line 9 from overflow page				
2301.					
0000					
2302.					I
2303.	Summary of remaining write-ins for Line 23 from overflow page	I			

# STATEMENT AS OF June 30, 2009 OF THE HEALTH RIGHT, INC. LIABILITIES, CAPITAL AND SURPLUS

	,	Current Period		Prior Year	
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$0 reinsurance ceded)	24,569,430			26,369,885
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	480,000		480,000	401,311
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	807,556		807,556	885,302
10.1	Current federal and foreign income tax payable and interest thereon (including				
	\$0 on realized gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$0 current) and interest thereon \$0				
	(including \$0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	152,989		152,989	10,000
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$0 authorized reinsurers and				
	\$0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans				
21.	Aggregate write-ins for other liabilities (including \$0 current)				
22.	Total liabilities (Lines 1 to 21)	26,009,975		26,009,975	27,666,498
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X	1,651,000	1,651,000
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X		
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	9,034,372	9,151,058
30.	Less treasury stock, at cost:				
	30.1	X X X	X X X	1,300,000	1,300,000
	30.2	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	9,385,372	9,502,058
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	35,395,347	37,168,556
2101. 2102.					
2102.					
2198. 2199.	Summary of remaining write-ins for Line 21 from overflow page				
2301.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	X X X	X X X		
2302.					
<ul><li>2303.</li><li>2398.</li></ul>	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801. 2802.					
2803.		X X X	X X X		
2898. 2899.	Summary of remaining write-ins for Line 28 from overflow page				

# STATEMENT AS OF June 30, 2009 OF THE HEALTH RIGHT, INC. STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date			
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months				
2.	Net premium income (including \$0 non-health premium income)				
3.	Change in unearned premium reserves and reserves for rate credits				
4.	Fee-for-service (net of \$0 medical expenses)				
5.	Risk revenue				
6.	Aggregate write-ins for other health care related revenues				
7.	Aggregate write-ins for other non-health revenues				
8.	Total revenues (Lines 2 to 7)				
Hospita	al and Medical:		, ,	, ,	
9.	Hospital/medical benefits		32.417.307	21.767.860	65.777.386
10.	Other professional services				
11.	Outside referrals				
12.	Emergency room and out-of-area				
13.	Prescription drugs				
14.	Aggregate write-ins for other hospital and medical				
15.	Incentive pool, withhold adjustments and bonus amounts				
16.	Subtotal (Lines 9 to 15)				
Less:	CODOCIA (E1100 0 to 10)			71,210,041	55, 172,014
17.	Net reinsurance recoveries		00.366		10/ 070
18.	Total hospital and medical (Lines 16 minus 17)				
	·				
19.	Non-health claims (net)				
20.	Claims adjustment expenses, including \$0 cost containment expenses				
21.	General administrative expenses		3,414,446	1,913,054	6,309,026
22.	Increase in reserves for life and accident and health contracts (including \$0 increase				
00	in reserves for life only)				
23.	Total underwriting deductions (Lines 18 through 22)				
24.	Net underwriting gain or (loss) (Lines 8 minus 23)				
25.	Net investment income earned				
26.	Net realized capital gains (losses) less capital gains tax of \$				
27.	Net investment gains or (losses) (Lines 25 plus 26)		57,333	592,170	968,446
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered				
	\$0) (amount charged off \$0)]				
29.	Aggregate write-ins for other income or expenses				
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24				
	plus 27 plus 28 plus 29)		1 1		
31.	Federal and foreign income taxes incurred				
32.	Net income (loss) (Lines 30 minus 31)	X X X	[ (343,347)].	5,771,929	(3,949,624)
0601.		X X X			
0602.					
0603. 0698.	Summary of remaining write-ins for Line 6 from overflow page		l I		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701. 0702.					
0703.		X X X			
0798. 0799.	Summary of remaining write-ins for Line 7 from overflow page				
1401.	Transportation		15,516	19,169	40,632
1402.	Translation		· '		
1403. 1498.	Summary of remaining write-ins for Line 14 from overflow page		l I		
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		17,295	31,542	63,589
2901. 2902.					
2903.					
2998.	Summary of remaining write-ins for Line 29 from overflow page	1	1		

## **STATEMENT OF REVENUE AND EXPENSES (Continued)**

		1	2	3 Prior Year
		Current Year To Date	Prior Year To Date	Ended December 31
	CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	9,502,058	15,164,310	15,164,310
34.	Net income or (loss) from Line 32	(343,347)	5,771,929	(3,949,624)
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$			
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax			379,072
39.	Change in nonadmitted assets	15,972		(946,914)
40.	Change in unauthorized reinsurance			
41.	Change in treasury stock			
42.	Change in surplus notes			
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
	44.1 Paid in			
	44.2 Transferred from surplus (Stock Dividend)			
	44.3 Transferred to surplus			
45.	Surplus adjustments:			
	45.1 Paid in			
	45.2 Transferred to capital (Stock Dividend)			
	45.3 Transferred from capital			
46.	Dividends to stockholders			(773,195)
47.	Aggregate write-ins for gains or (losses) in surplus	210,689		(371,591)
48.	Net change in capital and surplus (Lines 34 to 47)	(116,686)	5,771,929	(5,662,252)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	9,385,372	20,936,239	9,502,058
<b>DETAI</b> 4701.	LS OF WRITE-INS  Adj in Surplus/ Prior year audit adj	210 680		(371,591)
4701.	•			
4703.				
4798.	Summary of remaining write-ins for Line 47 from overflow page			
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	210,689		[(371,591)]

## **CASH FLOW**

		1 Current Year To Date	2 Prior Year Ended December 31
	Cash from Operations		
1.	Premiums collected net of reinsurance	51,235,873	99,962,82
<u>)</u>	Net investment income	57,333	968,44
<b>3</b> .	Miscellaneous income		
	Total (Lines 1 to 3)	51,293,206	100,931,26
	Benefit and loss related payments	49,377,635	94,759,55
	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
	Commissions, expenses paid and aggregate write-ins for deductions	3,861,560	7,662,28
	Dividends paid to policyholders		
	Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses)	(1,124,000)	2,652,91
0.	Total (Lines 5 through 9)	52,115,195	105,074,75
1.	Net cash from operations (Line 4 minus Line 10)	. (821,988)	(4,143,489
	Cash from Investments		
2.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds		
	12.2 Stocks		
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)		
3.	Cost of investments acquired (long-term only):		
	13.1 Bonds		
	13.2 Stocks		
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets		
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)		
4.	Net increase (or decrease) in contract loans and premium notes		
5.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)		
	Cash from Financing and Miscellaneous Sources		
6.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)		
7.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)		
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(,
8.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(454.043)	(4.916.684
9.	Cash, cash equivalents and short-term investments:	(101,010)	( .,5 75,50
	19.1 Beginning of year	28 926 117	33,842,80
	19.2 End of period (Line 18 plus Line 19.1)		
	Supplemental Disclosures of Cash Flow Information for Non-Cash Transaction:	s:	
	Description	Amount 1	Amount 2

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## **EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

		1	Comprehensive (F	lospital & Medical)	4	5	6	7	8	9	10
			2	3				Federal			
		Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
		Total	individual	Group	Supplement	Only	Only	Benefit Plan	iviedicare	iviedicald	Other
Total	Members at end of:										
1.	Prior Year	38,906	16,143							20,348	2,415
2.	First Quarter	39,060	16,612							20,167	2,281
3.	Second Quarter	38,834	17,208							20,295	1,331
4.	Third Quarter										
5.	Current Year										
6.	Current Year Member Months	230,152	100,389							121,351	8,412
Total	Member Ambulatory Encounters for Period:										
7.	Physician	29,282	12,723							11,569	4,990
8.	Non-Physician	13,644	6,559							6,748	337
9.	Total	42,926	19,282							18,317	5,327
10.	Hospital Patient Days Incurred	6,932	3,296							3,093	543
11.	Number of Inpatient Admissions	4,563	2,221							2,077	265
12.	Health Premiums Written (a)	51,235,873	21,648,267							26,384,567	3,203,039
13.	Life Premiums Direct										
14.	Property/Casualty Premiums Written		•••••	•••••							
15.	Health Premiums Earned	51,235,873	21,648,267							26,384,567	3,203,039
16.	Property/Casualty Premiums Earned										
17.	Amount Paid for Provision of Health Care Services										
18.	Amount Incurred for Provision of Health Care										
	Services	47,822,473	20,174,521	·····					<u></u>	25,065,455	2,582,497

# CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported) Aging Analysis of Unpaid Claims

Aging Analysis of Original Claims									
1	2	3	4	5	6	7			
Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 days	Over 120 Days	Total			
Individually Listed Claims Unpaid									
Caremark	255,000					255,000			
Quality Plan Administrators	314,430					314,430			
0199999 Individually Listed Claims Unpaid						569,430			
0299999 Aggregate Accounts Not Individually Listed - Uncovered									
039999 Aggregate Accounts Not Individually Listed - Covered									
0499999 Subtotals	569,430					569,430			
0599999 Unreported claims and other claim reserves						24,000,000			
0699999 Total Amounts Withheld									
0799999 Total Claims Unpaid									
0899999 Accrued Medical Incentive Pool And Bonus Amounts									

## **UNDERWRITING AND INVESTMENT EXHIBIT**

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

						5	6
				Liab	Liability		
		Cla	ims	End	d of		
		Paid Yea	r to Date	Current	Quarter		
		1	2	3	4		Estimated Claim
							Reserve and
		On	On	On	On		Claim
	Line	Claims Incurred	Claims Incurred	Claims Unpaid	Claims Incurred	Claims Incurred	Liability
	of	Prior to January 1	During the	Dec.31 of	During the	in Prior Years	Dec.31 of
	Business	of Current Year	Year	Prior Year	Year	(Columns 1+3)	Prior Year
1.	Comprehensive (hospital & medical)	13,802,738	11,262,693	518,191	11,472,690	14,320,929	12,365,541
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other health	2,556,537	1,405,421	62,589	1,410,577	2,619,126	1,624,281
9.	Health subtotal (Lines 1 to 8)	25,305,691	24,236,870	1,059,818	23,509,612	26,365,509	26,369,884
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pools and bonus amounts						
13.	Totals	25,305,691	24,236,870	1,059,818	23,509,612	26,365,509	26,369,884

<sup>(</sup>a) Excludes \$...... loans or advances to providers not yet expensed.

### **HEALTH RIGHT, INC.**

### **Notes To Financial Statement**

### Note 1. Summary of Significant Accounting Policies

**A.** Accounting Practices - The accompanying financial statements of Health Right, Inc. (HRI) are presented on the basis of accounting practices prescribed or permitted by the District of Columbia's Department of Insurance and Securities Regulations (DISR).

The District of Columbia Department of Insurance and Securities Regulations recognizes only statutory accounting practices prescribed or permitted by the District of Columbia for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the District of Columbia Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective March 2005 (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the District of Columbia.

- **B.** Use of Estimates in the Preparation of the Financial Statements The preparation of financial statements in conformity with the NAIC Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- **C.** Accounting Policy HRI records premium revenues based on its membership records. Premiums are due monthly and are recognized as revenue during the period in which the company is obliged to provide service to members.

In addition, the company uses the following accounting policies:

- 1) Short-term investments consist of readily marketable securities with maturities greater than three months but less than one year at the time of purchase.
- 2) None.
- 3) Unpaid claims and loss adjustment expenses include an amount determined from individual case estimates and claim reports and an amount, based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
- 4) HRI has not modified its capitalization policy from the prior period.

Note 2.	Accounting	Changes	and Co	rrections	of Errors
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None

Note 3. **Business Combinations and Goodwill** 

None.

Note 4. **Discontinued Operations** 

None.

Note 5. **Investments** 

Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities Repurchase Agreements, or Real Estate – None.

### Note 6. **Joint Ventures, Partnerships and Limited Liability Companies**

None.

### Note 7. **Investment Income**

HRI reports only investment income that is earned as due and accrued.

### Note 8. **Derivative Instruments**

None.

### Note 9. **Income Taxes**

A. The components of the net deferred income tax assets recognized in the Company's Assets, Liabilities, Surplus and Other Funds is as follows:

	December 31,	December 31.	
	2008	2007	Change
Total of all deferred tax assets (admitted and			
nonadmitted)	483,541	38,100	445,441
Total of all deferred tax liabilities	0	0	0
Net deferred tax asset	483,541	38,100	445,441
Total deferred tax assets nonadmitted in			
accordance with SSAP No. 10, Income	(4= =00)	•	(4= =00)
Taxes	(17,590)	0	(17,590)
Net admitted deferred tax asset	465,951	38,100	427,851

- B. The Company has not recognized DTL's for the following:
  - 1. N/A
  - 2. N/A
  - 3. N/A
  - 4. N/A
- C. Current income taxes incurred consist of the following major components

	2008	2007
Federal tax on operations	(1,434,912)	2,786,938
Foreign tax		
Prior year taxes	556,923	0
Federal and foreign income taxes incurred	(877,989)	2,786,938

The main components of the 2008 deferred tax amounts are as follows:

·				Tax
DTAs	Statutory	Tax	Difference	Effect
Losses and Loss Adjustment Expenses	26,771,196	26,253,843	517,353	175,900
Charitable Contributions Carryforward	0	(89,931)	89,931	30,577
Nonadmitted assets	0	(814,896)	814,896	277,065
Total DTAs	26,771,196	25,349,016	1,422,180	483,541
DTAs nonadmitted			_	(17,590)
Admitted DTAs			=	465,950

The changes in the main components of DTAs and DTLs are as follows:

DTAs resulting from book/tax differences in	2008	2007	Change
Losses and Loss Adjustment Expenses	175,900	0	175,900
Depreciation	0	38,100	(38,100)
Capital Loss Carryforward	30,577	0	30,577
Nonadmitted assets	277,065	0	277,065
Total DTAs	483,541	38,100	445,441
DTAs not admitted	(17,590)	0	(17,590)
Admitted DTAs	465,951	38,100	427,851

D. The provision for Federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory Federal income rate to income before income taxes. The significant items causing this difference are as follows:

Effective tax rate reconciliation (total of	current and deterred)
---	-----------------------

Ellective tax rate recollenation (total of curren	int and deferred)		Effective
		Tax	Rate
Income tax expense (benefit) computed at st	atutory tax		rate
rate	atatory tax	(1,641,388)	34.0%
Prior year under (over) accrual		556,923	-11.5%
Other		38,100	-0.8%
Total statutory income tax expense (benefit)		(1,046,365)	21.7%
· · · · · · · · · · · · · · · · · · ·		(1,010,000)	
			Effective
Recap:		Tax	Rate
Current Federal and foreign income taxes inc	curred per		
statement of income		(877,989)	18.2%
Deferred tax expense (benefit) related to state	ement of income		
but reflected in surplus		(168,377)	3.5%
Total statutory income tax expense (benefit)		(1,046,365)	21.7%
Current Income tax incurred (benefit) per star	tement of income:		
			Effective
	Amount	Tax Effect	Rate
Net gain from operations	(4,827,613)	(1,641,388)	34.0%
Tax adjustments:			
Loss Reserve Discounting	517,353	175,900	-3.6%
Chartibable contributions c/f	89,931	30,577	-0.6%
Prior year under (over) accrual		556,923	-11.5%
Total Federal taxable income and income tax incurred	(4.220.220)	(077 000)	10.20/
tax incurred	(4,220,329)	(877,989)	18.2%
5.5			
Deferred Income tax expense (benefit) in sur	plus:		Effective
		Tax	Rate
Change in net admitted DTAexpense or (be	enefit) (ner 9A	<u> </u>	Nate
above)	ment) (per on	(427,851)	8.9%
Less items unrelated to statement of opera	ations:	( .= : , = = : )	0.070
Change in DTA nonadmitted in line 27,	<del>-</del> -		
page 4		(17,590)	0.4%
Change in DTA related to other			
nonadmitted assets		277,065	-5.7%
Deferred tax expense (benefit) related to state	ement of	(400.077)	0.507
income		(168,377)	3.5%

- E. Loss carryforwards and potential tax recoveries:
  - 1. At December 31, 2008 the company had no net operating loss carryforwards.
  - 2. The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

a. 2008

\$0

b. 2007

\$9,447,840

- 3. The Company has not made any deposits under Section 6603 of the Internal Revenue Code as of December 31, 2008
- F. Federal tax allocation
  - 1. The company's federal income tax return is not consolidated with those of any other entity or entities.
  - 2. N/A

### Note 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. HRI is primarily owned by Unity Health Care, Inc. (UHC), who has rights to 97% of the organization.
- B. At both December 31, 2008 and June 30, 2009, HRI reported \$1,622,400 as amounts due from the Parent Company, Unity Health Care. The terms of the settlement require that these amounts be settled within 60 days. (See Note 27.)
- C. Management and Administrative Services Agreement: On January 1, 2000, HRI has a management and administrative service agreement with UHC to provide senior management support, medical personnel support, human resources and payroll support, and financial and accounting support. This agreement was amended in November 2008 to a cost-based contract. In accordance with the amended agreement, HRI shall reimburse UHC for the total allocated share of General and Administrative (G&A) Services. UHC shall accumulate G&A costs that benefit both HRI and UHC into a cost pool and shall allocate a fair share of the pool to HRI on a quarterly basis using direct labor as an allocation. Any services not accounted for in the G&A cost pool shall be charged to HRI at the full cost of such services, including labor, fringe, overhead, space, and any other reasonable, allocable cost of providing such services. The agreement is retroactive to June 1, 2008 and shall continue until terminated by either party, or at any time upon the mutual consent of the parties. The amount paid through June 30, 2009 under this agreement was \$87,270.

HRI has agreed to perform claim administrative services for Unity Health Care who services the Department of Corrections population.

D. HRI is primarily owned by UHC.

### Note 11. Debt

None.

## Note 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

HRI employees are covered by a defined contribution plan but contributions are matched up to 5% of each employee's compensation at the end of the each year. HRI's contribution for the plan was \$0 for the period ended June 30, 2009 and for the year ended December 31, 2008, respectively.

## Note 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1) HRI has 1,000 shares authorized and issued and 369 shares outstanding.
- 2) HRI has no preferred stock outstanding.
- 3) Dividend restrictions None.
- 4) Ordinary dividends None.
- 5) Restrictions on surplus None.
- 6) Advances to surplus None.
- 7) HRI has 631 shares of common stock held by the company in treasury.
- 8) Changes of balance in surplus funds None.
- 9) Unassigned funds (surplus) were reduced in as follows:
  - a) Unrealized gains and losses: \$0
    b) Nonadmitted asset values: \$0
    c) Separate account business: \$0
    d) Asset valuation reserves: \$0
    e) Provision for reinsurance: \$0
- 10) Surplus debentures or similar obligations None.

- 11) Quasi-reorganizations None.
- 12) Quasi-reorganizations None.

### Note 14. **Contingencies**

None.

#### Note 15. Leases

HRI entered into an office lease agreement commencing October 1, 2001 with an expiration date of September 30, 2011. The lease was amended in December 2005 for additional space, and the termination date was extended to July 31, 2013. The lease has an initial monthly payment approximating \$18,340 with an escalation of at least 2.5% per year. Rent expense incurred under the office lease for the period ended June 30, 2009 and the year ended December 31, 2008 was \$227,452 and \$423,584, respectively.

Future lease commitments under the agreement are estimated as follows:

Years ending	
December 31	
2009	387,674
2010	391,443
2011	409,843
2012 through 2013	670,352
Total	\$ 1,859,312

Note 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None.

Note 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None.

Note 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

None.

Note 19. **Direct Premium Written/Produced by Managing General Agents/Third Party Administrators** 

None.

Note 20. Other Items

None.

Note 21. **Events Subsequent** 

None.

### Note 22. Reinsurance

HRI entered into a stop-loss insurance agreement with an insurance company to limit its losses on individual claims. Under the terms of this agreement, the insurance company will reimburse HRI approximately 90% of the cost of each member's eligible annual hospital services and eligible medical services, in excess of \$100,000 per member, respectively; if services are performed in a "per diem" or approved fixed procedural fee hospital. In the event HRI ceases operations, plan benefits will continue for members until the end of the contract period for which premiums have been paid.

Stop Loss insurance premiums for the period ended June 30, 2009 and year ended December 31, 2008 were \$594,484 and \$1,206,109, respectively. Reinsurance recovery for the period ended June 30, 2009 and year ended December 31, 2008 were \$80,366 and \$231,502, respectively. Uncollectible Reinsurance and Commutation of Ceded Reinsurance – None.

In May 2006, HRI added a retro corridor to the reinsurance policy. In the event total eligible claims under the policy exceed 55% of the total premium due, the reinsuring company will reimburse HRI an amount equal to 55% of the total premium. If total claims exceed the sum of 55% of the total premium due plus the pmpm multiplied by the annual member months, the responsibility for payment of the excess will also be of the reinsuring company.

### Note 23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

None.

### Note 24. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for claims unpaid and claim adjustment expenses were \$24,569,430 and \$480,000 as of June 30, 2009. The reserves were developed through analysis of historical claims experiences with consulting advice provided by an outside actuary.

### Note 25. Intercompany Pooling Arrangements

None.

### Note 26. Structured Settlements

None.

### Note 27. Health Care Receivables

On December 31, 2008, HRI had a receivable of \$4,822,400; \$3,200,000 due from DCHCSNA and \$1,622,400 from Unity Health Care Inc. HRI received the funds due from DCHCSNA on January 14, 2009.

On June 30, 2009, HRI had a receivable of \$4,855,080; \$3,232,680 due from Washington Hospital Center and \$1,622,400 from Unity Health Care Inc. The \$1,622,400 represented capitation receivables for the months of April, May and June of 2009.

### Note 28. Participating Policies

None.

### Note 29. Premium Deficiency Reserves

None.

### Note 30. Anticipated Salvage and Subrogation

None.

## **GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

### **PART 1 - COMMON INTERROGATORIES**

### **GENERAL**

	<ul><li>1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?</li><li>1.2 If yes, has the report been filed with the domiciliary state?</li></ul>				Y	Yes[ ] No[X] 'es[ ] No[ ] N/A[X]			
	2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? 2.2 If yes, date of change:					;	Yes[] No[X]		
	<ol> <li>Have there been any substantial changes in the organizational chart since the prior quarter end?         If yes, complete the Schedule Y - Part 1 - organizational chart.    </li> </ol>					• • •	Yes[] No[X]		
4.1 4.2	Has the reporting	g entity been a party to a me e name of entity, NAIC Con as a result of the merger or o	erger or consolidation during apany Code, and state of do	g the period cove omicile (use two	ered by this state letter state abbre	ment? eviation) for any	entity that has		Yes[] No[X]
			1		2		3		
		Na	ame of Entity		NAIC Company	Code	State of Domi	cile	
5.	If the reporting e attorney-in-fact, If yes, attach an	ntity is subject to a manager or similar agreement, have t explanation.	ment agreement, including t here been any significant cl	hird-party admin	istrator(s), mana g the terms of the	ging general age e agreement or p	ent(s), principals involve	d? Y	es[] No[X] N/A[]
6.2	State the as of d date should be the State as of what	date the latest financial exa ate that the latest financial e ne date of the examined bal- date the latest financial exa	examination report became ance sheet and not the date mination report became ava	available from e the report was ailable to other s	ither the state of completed or rele tates or the publ	eased. ic from either the	state of domicil	e or	12/31/2003
64	date).	ity. This is the release date onent or departments?	or completion date of the ex	camination repor	t and not the dat	e of the examina	ition (balance sh	<b>∍et</b> 	07/07/2004
6.5	Department of Ir Have all financial filed with Department	nsurance, Securities and Ba statement adjustments with	in the latest financial exami	·		r in a subsequen	t financial statem	Y	[es[X] No[ ] N/A[ ] [es[X] No[ ] N/A[ ]
	Has this reportin or revoked by an If yes, give full in	g entity had any Certificates ly governmental entity during formation	of Authority, licenses or req g the reporting period?	gistrations (inclu	ding corporate re	egistration, if app	licable) suspend	ed	Yes[] No[X]
8.1	Is the company a	a subsidiary of a bank holdir 1 is yes, please identify the	ng company regulated by the	e Federal Reser	ve Board?				Yes[] No[X]
8.3	Is the company a If response to 8. federal regulator Thrift Supervisio	affiliated with one or more bases is yes, please provide below y services agency [i.e. the Fon (OTS), the Federal Deposonary federal regulator.	anks, thrifts or securities firm by the names and location ( rederal Reserve Board (FRE	ms? (city and state of 3), the Office of	he Comptroller of	of the Currency (	OCC), the Office	of y	Yes[] No[X]
		1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC	
				. Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]	Yes[] No[X	<u>q</u>
9.1	similar functions (a) Honest and relationship	ficers (principal executive of ) of the reporting entity subject ethical conduct, including the s; curate, timely and understar	ect to a code of ethics, whic ne ethical handling of actual	h includes the for apparent cor	ollowing standard flicts of interest l	ls? between persona	al and profession	-	Yes[X] No[]
	(c) Compliance (d) The prompt (e) Accountabil	with applicable government internal reporting of violation ity for adherence to the code	al laws, rules and regulation ns to an appropriate person e.	ns;			enaty,		
9.2	Has the code o	tó 9.1 is No, please explain f ethics for senior managers to 9.2 is Yes, provide inforn	been amended?	nt(s)					Yes[] No[X]
9.3	Have any provi	sions of the code of ethics b to 9.3 is Yes, provide the na	een waived for any of the s	specified officers	?				Yes[] No[X]
				FINANCIA	.L				
10. 10.	1 Does the report 2 If yes, indicate	ting entity report any amoun any amounts receivable fror	ts due from parent, subsidia n parent included in the Pao	aries or affiliates ge 2 amount:	on Page 2 of thi	s statement?		\$	Yes[X] No[ ] 1,622,400
	for use by anot	e stocks, bonds, or other ass her person? (Exclude securi and complete information re	sets of the reporting entity loties under securities lending	INVESTME paned, placed ur g agreements.)		ement, or otherw	ise made availab	ıle	Yes[] No[X]
12.	Amount of real	estate and mortgages held	in other invested assets in S	Schedule BA:					C
		estate and mortgages held		and the co				\$	(
14.	1 Does the report	ting entity have any investm	ents in parent, subsidiaries	and attiliates?					Yes[] No[X]

## **GENERAL INTERROGATORIES (Continued)**

### INVESTMENT

14.2 If yes, please complete the following:

		1	2
		Prior Year-End	Current Quarter
		Book/Adjusted	Book/Adjusted
		Carrying Value	Carrying Value
14.21	Bonds		
14.22	Preferred Stock		
14.23	Common Stock		
14.24	Short-Term Investments		
14.25	Mortgages Loans on Real Estate		
14.26	All Other		
14.27	Total Investment in Parent, Subsidiaries and Affiliates		
	(Subtotal Lines 14.21 to 14.26)		
14.28	Total Investment in Parent included in Lines 14.21 to 14.26		
20	above		

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes[ ] No[X] Yes[ ] No[ ] N/A[X]

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[] No[X]

1	2
Name of Custodian(s)	Custodian Address
Sun Trust Bank	Washington, DC 20005-2108

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?
16.4 If yes, give full and complete information relating thereto:

Yes[] No[X]

1	2	3	4
		Date	_
Old Custodian	New Custodian	of Change	Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

	_	
1	2	3
Central Registration		
Depository	Name(s)	Address
Sun Trust Bank	Trustco Capital Management	1445 New York Avenue NW. Ste 800. Washington, DC 20005.

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[]

17.2 If no, list exceptions:

## **SCHEDULE S - CEDED REINSURANCE**

**Showing All New Reinsurance Treaties - Current Year to Date** 

onowing / in new remodulation reality batter												
1	2	3	4	5	6	7						
NAIC	Federal				Type of	Is Insurer						
Company	ID	Effective			Reinsurance	Authorized?						
Code	Number Date		Name of Reinsurer	Location	Ceded	(Yes or No)						

## **SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

**Current Year to Date - Allocated by States and Territories** 

		Current	Teal to	Date - All	ocated by	States and				
						Direct Busi			_	1
		1	2 Accident and	3	4	5 Federal Employees Health	6 Life and Annuity Premiums	7 Property/	8 Total	9
	State, Etc.	Active Status	Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Benefits Program Premiums	and Other Considerations	Casualty Premiums	Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama (AL)									
2.	Alaska (AK)									
3.	Arizona (AZ)									
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)				1					
7.	Connecticut (CT)									
8.	Delaware (DE)									
9.	District of Columbia (DC)								51,235,873	
10.	Florida (FL)									
11.	Georgia (GA)									
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)									
16.	lowa (IA)									
17.	Kansas (KS)	N								
18.	Kentucky (KY)									
19.	Louisiana (LA)	NI								
19. 20.	Maine (ME)									
21.	Maryland (MD)									
22.	Massachusetts (MA)									
23.	Michigan (MI)				1				1	
24.	Minnesota (MN)									
25.	Mississippi (MS)									
26.	Missouri (MO)									
27.	Montana (MT)									
28.	Nebraska (NE)									
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)									
32.	New Mexico (NM)									
33.	New York (NY)									
34.	North Carolina (NC)	N N								
35.	North Dakota (ND)									
36.										
	Ohio (OH)	N								
37.	Oklahoma (OK)									
38.	Oregon (OR)				1					
39.	Pennsylvania (PA)									
40.	Rhode Island (RI)				1					
41.	South Carolina (SC)									
42.	South Dakota (SD)									
43.	Tennessee (TN)	N								
44.	Texas (TX)									
45.	Utah (UT)	N								
46.	Vermont (VT)	l N								
47.	Virginia (VA)				1					
48.	Washington (WA)									
49.	West Virginia (WV)									
50.	Wisconsin (WI)	NI NI							1	
50. 51.	Wyoming (WY)									
51. 52.	American Samoa (AS)								1	
52. 53.	Guam (GU)				1					
									1	
54.	Puerto Rico (PR)				1					
55.	U.S. Virgin Islands (VI)									
56.	Northern Mariana Islands (MP)									
57.	Canada (CN)									
58.	Aggregate other alien (OT)									
59.	Subtotal	X X X .	. 24,851,306		26,384,567				51,235,873	
60.	Reporting entity contributions for									
	Employee Benefit Plans	X X X .								
61.	Total (Direct Business)		. 24,851,306		26,384,567				51,235,873	
	LS OF WRITE-INS	11/	, , , , , , , , , , , ,		,,				, , , , , , , , ,	
5801.	<u> </u>	X X X .								
5802.		X X X .								
5803.	0	X X X .								
5898.	Summary of remaining write-ins for									
	Line 58 from overflow page	X X X .								
5899.	TOTALS (Lines 5801 through 5803									
	plus 5898) (Line 58 above)	X X X .								

### SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP PART 1 - ORGANIZATIONAL CHART

# HEALTH RIGHT, INC. OWNERSHIP STRUCTURE

Unity Health Care
FQHC-501(c)3
97% (Owner)

Columbia Road Health Services
FQHC-501(c)3
3% (Owner)

Health Right, Inc.
For Profit
HMO

2

### SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

RESPONSE

No

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement

## **OVERFLOW PAGE FOR WRITE-INS**

## **STATEMENT OF REVENUE AND EXPENSES**

	OI/(I EIIIEI(I OI I (EVEITOE				
					Prior Year
				Prior Year	Ended
		Current Year To Date		To Date	December 31
		1	2	3	4
		Uncovered	Total	Total	Total
0604.		X X X			
0605.		X X X			
0606.		X X X			
0697.	Summary of remaining write-ins for Line 6 (Lines 0604 through 0696)	X X X			

### SCHEDULE A - VERIFICATION

Real Estate

		1	2
			Prior Year Ended
		Year To Date	December 31
1.	Book/adjusted carrying value, December 31 of prior year		
2.	Cost of acquired		
	2.1 Actual cost at time of acquisition		
	2.2 Additional investment made after acquisition		
3.	Current year change in encumbrances		
4.	Total gain (loss) on disposals		
5.	Deduct amounts received on disposals		
6.	Total foreign exchange change in book/adjusted carrying value		
7.	Deduct current year's other than temporary impairment recognized		
8.	Deduct current year's depreciation		
9.	Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10.	Deduct total nonadmitted amounts		
11.	Statement value at end of current period (Line 9 minus Line 10)		

### **SCHEDULE B - VERIFICATION**

Mortgage Loans

	Mortgage Edans		
		1	2
			Prior Year Ended
		Year To Date	December 31
1.	Book value/recorded investment excluding accrued interest, December 31 of prior year		
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition		
	2.2 Additional investment made after acquisition		
3.	Capitalized deferred interest and other		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease)		
6.	Total gain (loss) on disposals		
7.	Deduct amounts received on disposals		
8.	Deduct amortization of premium and mortgage interest points and commitment fees		
9.	Total foreign exchange change in book value/recorded investment excluding accrued interest		
10.	Deduct current year's other than temporary impairment recognized		
11.	Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5		
	+ 6 - 7 - 8 + 9 - 10)		
12.	Total valuation allowance		
13.	Subtotal (Line 11 plus Line 12)		
14.	Deduct total nonadmitted amounts		
15.	Statement value at end of current period (Line 13 minus Line 14)		

### **SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

Calor Long Tollin Involced Acock										
		1	2							
			Prior Year Ended							
	Description	Year To Date	December 31							
1.	Book/adjusted carrying value, December 31 of prior year									
2.	Cost of acquired:									
	2.1 Actual cost at time of acquisition									
	2.2 Additional investment made after acquisition									
3.	Capitalized deferred interest and other									
4.	Accrual of discount									
5.	Unrealized valuation increase (decrease)									
6.	Total gain (loss) on disposals									
7.	Deduct amounts received on disposals									
8.	Deduct amortization of premium and depreciation									
9.	Total foreign exchange change in book/adjusted carrying value									
10.	Deduct current year's other than temporary impairment recognized									
11.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)									
12.	Deduct total nonadmitted amounts									
13.	Statement value at end of current period (Line 11 minus Line 12)									

### **SCHEDULE D - VERIFICATION**

**Bonds and Stocks** 

		1	2
			Prior Year Ended
		Year To Date	December 31
1.	Book/adjusted carrying value of bonds and stocks, December 31 of prior year		
2.	Cost of bonds and stocks acquired		
3.	Accrual of discount		
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals		
6.	Deduct consideration for bonds and stocks disposed of		
7.	Deduct amortization of premium		
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)		

# QSI02

## **SCHEDULE D - PART 1B**

# Showing the Acquisitions, Dispositions and Non-Trading Activity During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	During the Current Quarter for all Bonds and Preferred Stock by Rating Class											
		1	2	3	4	5	6	7	8			
		Book/Adjusted				Book/Adjusted	Book/Adjusted	Book/Adjusted	Book/Adjusted			
		Carrying Value	Acquisitions	Dispositions	Non-Trading	Carrying Value	Carrying Value	Carrying Value	Carrying Value			
		Beginning of	During Current	During Current	Activity During	End of	End of	End of	December 31			
		Current Quarter	Quarter	Quarter	Current Quarter	First Quarter	Second Quarter	Third Quarter	Prior Year			
BOND	S											
1.	Class 1 (a)											
2.	Class 2 (a)											
3.	Class 3 (a)											
4.	Class 4 (a)											
5.	Class 5 (a)											
6.	Class 6 (a)											
7.	Total Bonds											
PREFE	RRED STOCK											
8.	Class 1											
9.	Class 2											
10.	Class 3											
11.	Class 4											
12.	Class 5								[			
13.	Class 6											
14.	Total Preferred Stock											
15.	Total Bonds & Preferred Stock											

Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$............0; NAIC 3 \$............0; NAIC 4 \$.............0; NAIC 5 \$..................0

### **SCHEDULE DA - PART 1**

**Short - Term Investments Owned End of Current Quarter** 

	1	2	3	4	5						
	Book/Adjusted				Paid for Accrued						
	Carrying		Actual	Interest Collected	Interest						
	Value	Par Value	Cost	Year To Date	Year To Date						
9199999. Totals	28,440,155	X X X	28,382,822	57,333	57,333						

### **SCHEDULE DA - Verification**

### **Short-Term Investments**

		1	2
			Prior Year Ended
		Year To Date	December 31
1.	Book/adjusted carrying value, December 31 of prior year	28,143,694	32,484,609
2.	Cost of short-term investments acquired		
3.	Accrual of discount		
4.	Unrealized valuation increase (decrease)	296,461	(4,340,915)
5.	Total gain (loss) on disposals		
6.	Deduct consideration received on disposals		
7.	Deduct amortization of premium		
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 +		
	3 + 4 + 5 - 6 - 7 + 8 - 9)	28,440,155	28,143,694
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	28.440.155	28.143.694

## **SCHEDULE DB - PART F - SECTION 1**

## Summary of Replicated (Synthetic) Assets Open

	Replicated (Syr	Components of the Replicated (Synthetic) Asset									
1	2	3	4	5	Derivative Instruments Open		Cash Instrument(s) Held				
					6	7	8	9	10	11	12
Replication		NAIC									NAIC
RSAT		Designation or	Statement						Statement		Designation or
Number	Description	Other Description	Value	Fair Value	Description	Fair Value	CUSIP	Description	Value	Fair Value	Other Description
9999999 Totals					X X X		X X X	X X X			X X X

## **SCHEDULE DB - PART F - SECTION 2**

## Reconciliation of Replicated (Synthetic) Assets Open

		First (	First Quarter		Second Quarter		Third Quarter		Quarter	Year-To-Date	
		1	2	3	4	5	6	7	8	9	10
			Total Replicated		Total Replicated		Total Replicated		Total Replicated		Total Replicated
			(Synthetic) Assets		(Synthetic) Assets		(Synthetic) Assets		(Synthetic) Assets		(Synthetic) Assets
		Number of	Statement	Number of	Statement						
		Positions	Value	Positions	Value	Positions	Value	Positions	Value	Positions	Value
1.	Beginning Inventory										
2.	Add: Opened or Acquired Transactions										
3.	Add: Increases in Replicated Asset Statement Value	X X X		X X X		X X X		X X X		X X X	
4.	Less: Closed or Disposed of Transactions										
5.	Less: Positions Disposed of for Failing Effectiveness Criteria										
6.	Less: Decreases in Replicated (Synthetic) Asset Statement Value	x x x		X X X		X X X		X X X		X X X	
7.	Ending Inventory										

### **SCHEDULE E - Verification**

(Cash Equivalents)

		1	2
			Prior Year Ended
		Year To Date	December 31
1.	Book/adjusted carrying value, December 31 of prior year		
2.	Cost of cash equivalents acquired		
3.	Accrual of discount		
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals		
6.	Deduct consideration received on disposals		
7.	Deduct amortization of premium		
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 +		
	3 + 4 + 5 - 6 - 7 + 8 - 9)		
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)		

## **SCHEDULE A - PART 2**

Showing all Real Estate ACQUIRED and Additions Made During the Current Quarter

Onowing an Acar Estate A	owonked and r	waiti	nio maac b	aring the ourrent waarter				
1	Location		4	5	6	7	8	9
	2	3					Book/Adjusted	Additional
					Actual Cost		Carrying	Investment
Description					at Time	Amount of	Value Less	Made After
of Property	City	State	Date Acquired	Name of Vendor	of Acquisition	Encumbrances	Encumbrances	Acquisition
0399999 Totals								

## **SCHEDULE A - PART 3**

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

	011011					9	<b>~</b> ~~,		.9. ∽,	U D G	9		<b>. .</b>	4100 <b>0</b> 110		401			
1	Location		4	5	6	7	8		Change in Book/Ad	justed Carrying Val	ue Less Encumbrance	es	14	15	16	17	18	19	20
	2	3				Expended for		9	10	11	12	13							1
						Additions,	Book/Adjusted		Current Year's				Book/Adjusted		Foreign			Gross Income	Taxes,
						Permanent	Carrying Value		Other Than			Total Foreign	Carrying Value		Exchange	Realized	Total	Earned Less	Repairs
Description						Improvements	Less		Temporary	Current Year's	Total Change	Exchange	Less	Amounts	Gain	Gain	Gain	Interest	and
of			Disposal	Name of	Actual	and Changes in	Encumbrances	Current Year's	Impairment	Change in	in B/A C.V.	Change in	Encumbrances	Received	(Loss) on	(Loss) on	(Loss) on	Incurred on	Expenses
Property	City	State	Date	Purchaser	Cost	Encumbrances	Prior Year	Depreciation	Recognized	Encumbrances	(11 - 9 - 10)	B/A C.V.	on Disposal	During Year	Disposal	Disposal	Disposal	Encumbrances	Incurred
0399999 Totals																			

## **SCHEDULE B - PART 2**

**Showing All Mortgage Loans ACQUIRED During the Current Quarter** 

Sile Sile Sile Sile Sile Sile Sile Sile	willy All Moltgage Lo	alis Acquired L	urniy u	ie Guireiii	<b>Qualter</b>			
1	Locatio	n	4	5	6	7	8	9
	2	3						
							Additional	Value of
							Investment	Land
	City	State	Loan	Date	Rate	Actual Cost at	Made After	and
Loan Number			Type	Acquired	of Interest	Time of Acquisition	Acquisition	Buildings
3399999 Total Mortgages (sum of Lines 0899999, 1699999, 2499	9999 and 3299999)							

## **SCHEDULE B - PART 3**

Showing All Mortgage Loans DISPOSED. Transferred or Repaid During the Current Quarter

	9110	· · · · · · · · · · · · · · · · · · ·	ugo =o	uno Dio		,		. topaia	Duiling t	iio Gaii	one dad	101					
1	Location		4	5	6	7		C	hange in Book Vali	ue/Recorded Inves	stment		14	15	16	17	18
	2	3				Book	8	9	10	11	12	13	Book			1 '	
						Value/Recorded			Current Year's		Total		Value/Recorded		Foreign	1 '	
						Investment	Unrealized		Other Than	Capitalized	Change	Total Foreign	Investment		Exchange	Realized	Total
						Excluding	Valuation	Current Year's	Temporary	Deferred	in	Exchange	Excluding		Gain	Gain	Gain
Loan			Loan	Date	Disposal	Accrued Interest	Increase	(Amortization)/	Impairment	Interest and	Book Value	Change in	Accrued Interest	Consider-	(Loss) on	(Loss) on	(Loss) on
Number	City	State	Type	Acquired	Date	Prior Year	(Decrease)	Accretion	Recognized	Other	(8+9-10+11)	Book Value	on Disposal	ation	Disposal	Disposal	Disposal
0599999 Totals																	

## **SCHEDULE BA - PART 2**

**Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter** 

		••	•g . •			a	,o oa	JIII QUAI				
1	2	Location		5	6	7	8	9	10	11	12	13
		3	4	Name					Additional		Commitment	
				of		Date		Actual Cost at	Investment	Amount	for	
CUSIP	Name or			Vendor or	NAIC	Originally	Type and	Time of	Made After	of	Additional	Percentage of
Identification	Description	City	State	General Partner	Designation	Acquired	Strategy	Acquisition	Acquisition	Encumbrances	Investment	Ownership
3999999 Total - Una	ffiliated											XXX
4099999 Total - Affili	ated											XXX
4199999 TOTALS												XXX

## **SCHEDULE BA - PART 3**

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

		01101	ville Othici	Long rollini	100100	. / 1000	CO DIOI	JULD, 1	IUIIOICII	ica oi it	cpaia Di	aring the	Ouricii	t Qualter					
1	2	Location	1	5	6	7	8	•	•	Change in Book/A	djusted Carrying Vi	alue	•	15	16	17	18	19	20
		3	4					9	10	11	12	13	14						
							Book/Adjusted		Current Year's	Current Year's			Total	Book/Adjusted					
				Name of			Carrying	Unrealized	(Depreciation)	Other Than	Capitalized	Total	Foreign	Carrying Value		Foreign	Realized	Total	
				Purchaser	Date		Value Less	Valuation	or	Temporary	Deferred	Change in	Exchange	Less		Exchange	Gain	Gain	
CUSIP	Name or			or Nature of	Originally	Disposal	Encumbrances,	Increase	(Amortization)/	Impairment	Interest and	B./A.C.V.	Change in	Encumbrances		Gain (Loss)	(Loss) on	(Loss) on	Investment
Identification	Description	City	State	Disposal	Acquired	Date	Prior Year	(Decrease)	Accretion	Recognized	Other	(9 + 10 - 11 + 12)	B./A.C.V.	on Disposal	Consideration	on Disposal	Disposal	Disposal	Income
3999999 Total - Uni	affiliated																		
4099999 Total - Affi	liated																		
4199999 TOTALS .																			

## **SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

	Show All	Long-rem	ii bolius aliu stock <i>f</i>	acquired by the Company During the Current Quarter					
1	2	3	4	5	6	7	8	9	10
								Paid for	NAIC
								Accrued	Designation
CUSIP				Name of	Number of			Interest and	or Market
Identification	Description	Foreign	Date Acquired	Vendor	Shares of Stock	Actual Cost	Par Value	Dividends	Indicator (a)
8399998 Summary Ite	em from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
	<b>V 3</b> 7				X X X	X X X	X X X	X X X	X X X
9799998 Summary Ite	em from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9899999 Subtotal - P	referred and Common Stocks				X X X		X X X		X X X
9999999 Total - Bond	ls, Preferred and Common Stocks				X X X		X X X		X X X

<sup>(</sup>a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues ...............0.

## **SCHEDULE D - PART 4**

## Show All Long-Term Bonds and Stocks Sold, Redeemed, or Otherwise Disposed of

by the Company During the Current Quarter

							~ ,	. • • • · · · · · · · · · · · · · · · ·	any Dann	.9 •	anionic o	(uui toi									
1	2	3	4	5	6	7	8	9	10		Change in Bo	ook/Adjusted Ca	rrying Value		16	17	18	19	20	21	22
		F								11	12	13	14	15	]						
		0																			
		r							Prior Year			Current Year's		Total	Book/				Bond Interest/		
		е							Book/	Unrealized		Other Than	Total	Foreign	Adjusted	Foreign			Stock		NAIC
		i			Number				Adjusted	Valuation	Current Year's	Temporary	Change in	Exchange	Carrying Value	Exchange	Realized	Total	Dividends		Designation
CUSIP		g	Disposal	Name of	of Shares		Par	Actual	Carrying	Increase/	(Amortization)/	Impairment	B./A.C.V.	Change in	at Disposal	Gain (Loss)	Gain (Loss)	Gain (Loss)	Received	Maturity	or Market
Identification	Description	n	Date	Purchaser	of Stock	Consideration	Value	Cost	Value	(Decrease)	Accretion	Recognized	(11 + 12 - 13)	B./A.C.V.	Date	on Disposal	on Disposal	on Disposal	During Year	Date	Indicator (a)
8399998 Summ	ary Item from Part 5 for Bonds (N/A to Qua	rterly) .			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	. XXX.	X X X .
8999998 Summ	ary Item from Part 5 for Preferred Stocks (N	V/A to Q	uarterly)		XXX	X X X	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	. XXX.	X X X .
9799998 Summ	ary Item from Part 5 for Common Stocks (N	I/A to Qu	arterly)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	. XXX.	X X X .
9899999 Subtot	al - Preferred and Common Stocks				XXX		XXX													. XXX.	X X X .
9999999 Total -	Bonds, Preferred and Common Stocks				XXX		XXX													. XXX.	X X X .

<sup>(</sup>a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .............0.

## **SCHEDULE DB - PART A - SECTION 1**

Showing all Options, Caps, Floors and Insurance Futures Options Owned at Current Statement Date

	Onowing	an Optiv	ono, capo,	i ioois ai	ia ilisurance i utu	ies Option	3 Owned at	Ouric	iit Otateiile	III Date			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Number of	Date of									Year to	Used to	Other
	Contracts or	Maturity,				Cost/					Date Increase/	Adjust Basis	Investment/
	Notional	Expiry, or	Strike Price	Date of	Exchange or	Option	Book		Statement		(Decrease)	of Hedged	Miscellaneous
Description	Amount	Settlement	Rate or Index	Acquisition	Counterparty	Premium	Value	*	Value	Fair Value	by Adjustment	Item	Income
9999999 Total								. X X X					

## **SCHEDULE DB - PART B - SECTION 1**

Showing all Options, Caps. Floors and Insurance Futures Options Written and In-Force at Current Statement Date

Onowing c	iii Optioiio	, caps, i	oois ana n	134141100	, i ataico optiono	William all	<i>a</i>	at Ouri	Cit Otatoii	iciit Date			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Number of	Date of									Year to		Other
	Contracts or	Maturity,		Date of							Date Increase/		Investment/
	Notional	Expiry, or	Strike Price	Issuance/	Exchange or	Consideration			Statement		(Decrease)	Used to	Miscellaneous
Description	Amount	Settlement	Rate or Index	Purchase	Counterparty	Received	Book Value	*	Value	Fair Value	by Adjustment	Adjust Basis	Income
999999 Total								. X X X					

## **SCHEDULE DB - PART C - SECTION 1**

**Showing all Collar, Swap and Forwards Open at Current Statement Date** 

			•	.9 4	iai, omap alia i olivalao i	o pon at oa	Otal							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		Date of	Strike Price	Date of							Year to Date	Used to	Other	i
		Maturity,	Rate or	Opening		Cost or					Increase/	Adjust Basis	Investment/	i
	Notional	Expiry, or	Index Rec	Position or	Exchange or	(Consideration			Statement		(Decrease)	of Hedged	Miscellaneous	Potential
Description	Amount	Settlement	(Pay)	Agreement	Counterparty	Received)	Book Value	*	Value	Fair Value	by Adjustment	Item	Income	Exposure
9999999 Total								. X X X						

## **SCHEDULE DB - PART D - SECTION 1**

Showing all Futures Contracts and Insurance Futures Contracts at Current Statement Date

		••	g		and modica			acomonic Date				
1	2	3	4	5	6	7	8	9	Variation Margin Information		13	
									10	11	12	
										Used to		
	Number					Date of				Adjust Basis		
	of	Maturity	Original	Current	Variation	Opening	Exchange or	Cash		of Hedged		Potential
Description	Contracts	Date	Value	Value	Margin	Position	Counterparty	Deposit	Recognized	Item	Deferred	Exposure
999999 Total						X X X	XXX					

STATEMENT AS OF  $June~30,\,2009$  of the HEALTH~RIGHT,~INC.

# SCHEDULE E - PART 1 - CASH Month End Depository Balances

	Wonti	n Ena D	epository B	alances					
1		2	3	4	5	Book Balance at End of Each Month			9
						Duri	ing Current Qua	arter	
				Amount	Amount of	6	7	8	
				of Interest	Interest				
				Received	Accrued				
				During	at Current				
			Rate of	Current	Statement	First	Second	Third	
	Depository	Code	Interest	Quarter	Date	Month	Month	Month	*
open depositories									
Business									
Checking-Operations Account Business Checking-Beacon	SunTrust Bank					12,969	14,886	16,079	XXX
Health Account	SunTrust Bank					(79,802)	(1,567)	15,840	XXX
0199998 Deposits in	0 depositories that do not exceed the								
-	sitory (See Instructions) - open depositories	XXX	X X X						XXX
0199999 Totals - Open Deposit	tories	XXX	X X X			(66,833)	13,319	31,919	XXX
0299998 Deposits in	0 depositories that do not exceed the					, ,			
allowable limit in any one depos	sitory (See Instructions) - suspended								
depositories		XXX	X X X						XXX
0299999 Totals - Suspended D	epositories	XXX	X X X						XXX
0399999 Total Cash On Deposit		XXX	X X X			(66,833)	13,319	31,919	XXX
0499999 Cash in Company's Office		XXX	X X X	. X X X .	X X X				XXX
		XXX	X X X			(66,833)	13,319	31,919	XXX

# QE09

## **SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owner	l End of	Current	Quarter
------------------------	----------	---------	---------

	SIIC	w ilivestillelits Ow	neu Enu oi Curreni	ı Quarter				
1	2	3	4	5	6	7	8	
						Amount of		
		Date	Rate of	Maturity	Book/Adjusted	Interest	Amount Received	
Description	Code	Acquired	Interest	Date	Carrying Value	Due & Accrued	During Year	
8399999 Subtotals - Bonds								
8499999 Sweep Accounts								
8599999 Other Cash Equivalents								
8699999 Total - Cash Equivalents								



MEDICARE PART D COVERAGE SUPPLEMENT

**Net of Reinsurance** For the Quarter Ended June 30, 2009

NAIC Group Code:		•		NAIC Company (	Code: 95787
	Individual	Coverage	Group C	Coverage	5
	1	2	3	4	Total
	Insured	Uninsured	Insured	Uninsured	Cash
1. Premiums Collected		X X X		X X X	
2. Earned Premiums		X X X		X X X	X X X
3. Claims Paid		X X X		X X X	
4. Claims Incurred		X X X		X X X	X X X
5. Reinsurance Coverage and Low Income Cost Sharing - Claims					
Paid Net of Reimbursements Applied (a)	X X X		X X X		
6. Aggregate Policy Reserves - change		X X X		X X X	X X X
7. Expenses Paid					
8. Expenses Incurred		X X X		X X X	X X X
9. Underwriting Gain or Loss		X X X		X X X	X X X
10. Cash Flow Results	X X X	X X X	X X X	X X X	

<sup>(</sup>a) Uninsured Receivable/Payable with CMS at End of Quarter: \$......0 due from CMS or \$......0 due to CMS

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